

Department of Business License

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TAX LIABILITY ON SALE OF TRANSIENT LODGING ESTABLISHMENT

This letter is to inform you of certain changes made by the Department with respect to tax collection upon sale of a transient lodging establishment. The following amendment to the transient lodging code, was adopted by the Board of County Commissioners on June 3, 2008:

4.08.115 Tax collection on sale of business.

- (a) Upon the sale of any transient lodging establishment, all combined transient lodging tax, and related fees, interest, and penalties owed by the seller shall be paid to the department of business license.
- (b) In order to establish the combined transient lodging tax obligation, upon sale of a transient lodging establishment, the seller or purchaser of a transient lodging establishment may request that the department provide a written statement of a combined transient lodging tax, fees, interest, and penalties due from the seller. The department shall provide such statement within thirty days after receiving the request or within thirty days after the records of the transient lodging establishment are made available to the department, whichever is later. In any event, the department shall issue its written statement no later than sixty days after the date it received the request, using the best information available at that time.
- (c) The purchaser or the purchaser's assignee, at closing, shall withhold, in an escrow account, an amount from the purchase price sufficient to pay the combined transient lodging tax due, as well as all related fees, interest, and penalties unless or until the seller provides written documentation from the department stating that the combined transient lodging tax has been paid and that no amount is due.
- (d) In the event the seller fails to pay the amount due to the department within sixty days after sale of the transient lodging establishment, the combined transient lodging tax and any related fees, interest, and penalties owed by the seller shall be paid from the funds withheld by the purchaser in escrow.

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- (e) The purchaser of a transient lodging establishment who does not withhold from the purchase price an amount sufficient to satisfy the seller's combined transient lodging tax obligation, as required in subsection (c), shall be liable for any unpaid portion of the seller's combined transient lodging tax and all related fees, interest and penalties.
- (f) If the department fails to provide a written statement within the period set forth in subsection (b), the purchaser shall be relieved of aid liability for the combined transient lodging tax, and all related fees, interest, and penalties, due from the seller.
- (g) Failure to pay the outstanding combined transient lodging tax, as well as all related fees, interest, and penalties, pursuant to this section shall subject the amount due to the provisions of Section 4.08.060 of this code.
- (h) The period of limitation during which the department may assess taxes fees, interest, and penalties against the purchaser under this section is three years from the date the transient lodging establishment is sold or from the date the written statement is issued by the department, whichever event occurs later.

If you are anticipating the sale/purchase of a transient lodging establishment, you should request a statement of seller's combined transient lodging tax liability from the Department. This request must be made using a "Request for Statement of Seller's Combined Transient Lodging Tax Liability" form. An "Authorization for Release of Information on Anticipated Sale of Transient Lodging Establishment," signed by the seller, will be required for requests made by anyone other than the current owner.

The above forms may be obtained in person at our office or may be obtained from our web site at: www.accessclarkcounty.com/depts/business_license/Pages/forms1.aspx.

If you have any questions or comments, please contact Terri Stevenson at (702) 249-3461.

Sincerely,



Alan Bacon
Assistant Audit Manager